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The AGRICULTURAL OUTLOOK DIGEST

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Prices in central markets for several crop and livestock products have strengthened in recent weeks as the fall marketing peaks passed.

The heavy volume of products moving to market was chiefly responsible for the 3½% decline in farmers prices from August to November. The 1953 harvest, now being completed, is only a little below 1952 when it was second largest of record. Livestock output is setting a new high.

Farmers sold 5% more products first 11 months of this year than in the same months of 1952, but prices averaged a tenth lower. The \$28 billion farmers received from these sales was 4% below receipts a year earlier. Meat animal receipts were down 13%, dairy receipts 7%, but farmers got 8% more from poultry and eggs. Crop receipts showed little change.

Exports of farm products picked up some in the first 3 months of this fiscal year. Total value of agricultural exports in July-September was \$632 million, according to the Foreign Agricultural Service. This was 9% above the same period of 1952-53.

Demand for farm products in the U. S. continues strong. As business activity has drifted downward, consumer income has dropped a little below the peak of July but remains higher than it was earlier in the year.

The drop in industrial production totaled 6% from the March peak to October. Employment in manufacturing industries did not show the usual seasonal rise this fall and workers are putting in fewer hours of overtime. However, nonfarm employment remains high. Businessmen are spending a little less for new plants and equipment than in the third quarter and are no longer building up inventories. Retail buying has slipped a little below the high rate of early 1953.

Any further adjustments in economic activity during the winter are likely to be moderate. Demands from federal, state and local governments will continue high, though defense expenditures may shade off a little. Construction activity is likely to stay near the record rate of 1953. The income tax cut in January will boost consumer buying power.

LIVESTOCK AND MEAT: Marketings of hogs and of cattle off grass have passed their seasonal peaks. Hog prices are now rising seasonally and will stay above a year earlier this winter. Not much change in prices of stockers and feeders is likely until the grazing season opens next spring.

Fewer cattle are on feed for winter and spring markets than a year ago. A seasonal decline in fed cattle prices is unlikely this winter. Last year, prices dropped sharply.

Lamb feeding also is lower than last year and prices probably will strengthen this winter.

DAIRY: Off-season milk production is again heavy this year. Production in November was 8,255 million pounds, a record for the month and 4½% above November, 1952. On an annual rate basis, the November output was 126 billion pounds. Total stocks of dairy products are a record for this time of year.

POULTRY AND EGGS: Egg production, now increasing seasonally, was at record levels in all parts of the country in November. It is likely to continue well above a year earlier until spring. Prices have started to decline seasonally.

With prices higher and feed costs lower, returns to turkey producers this year are more favorable than in 1952. The peak in marketing of 1953 turkeys has passed.

FATS AND OILS: Soybean prices have jumped about 20% since early September. Domestic and export demand has been strong and the crop is the smallest since 1949.

A large crop of cottonseed was indicated by the December 1 cotton production estimate. If the ratio of lint to cottonseed is the same as the average for the last 5 years, 6,718,000 tons of cottonseed will be produced. This is 528,000 tons more than last year.

FEED: Prices of feed grains and many of the byproduct feeds have increased the last few weeks. However, feed grain prices remain below support levels and below a year earlier. Prices are likely to rise further in early 1954.

WHEAT: Supplies of wheat the world over are generally abundant this year. The world crop is about 7 billion bushels, 4 percent less than last year but a fifth above the 1945-49 average. Carryover in the principal exporting countries was over 1.2 billion bushels, double that of a year earlier.

Supplies have increased in importing as well as exporting countries. World trade in wheat in 1953-54 is likely to be down 10% from last year. Exports from the U. S. will fall below the 1952-53 total of 317 million bushels. In the first 5 months of this season, we exported 90 million bushels, 35 million less than in the same period last year.

About 834 million bushels of the 1,730 million bushel U. S. wheat supply are owned by the CCC or are under loan or purchase agreement. "Free" market supplies are fairly tight and some further advance in prices is expected.

POTATOES: Production of early potatoes for winter harvest is expected to be about a fourth smaller than last year. However, this crop provides only 3 to 4% of supplies for the January-March quarter. The late 1953 crop, which will provide the rest of the market supply, is 3 percent larger than last year.

COTTON: Cotton production prospects improved during November and the crop is now estimated at 16.3 running bales (16.4 million 500 pound bales). Total supply is estimated at 21.9 million. With disappearance in 1953-54 expected to be about 12.4 million, the carry-over next August 1 probably will be $9\frac{1}{2}$ million bales. About 6 million bales are expected to be held by CCC under the price support program.

TOBACCO: Cigarette output during the first three-fourths of 1953 was about 2 percent below the record of the same period of 1952. Smoking tobacco output was off 10 percent.

Burley auctions opened November 30. Prices for sales through December 11 averaged 54.5 cents per pound compared with 51.3 cents in the same period of last season.

FRUIT: The quantity of Florida oranges and grapefruit canned and frozen through December 5 of this season was considerably larger than that of the same part of 1952-53. Stocks of Florida packers at the beginning of the season were much smaller than a year earlier. Fresh market demand probably will weaken after the holidays, as usual, but canning and freezing demand is expected to continue stronger than last year.

